



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON, DC

MEMORANDUM FOR ALMAJCOM/CE
USAF/CE

26 SEP 2001

FROM: HQ USAF/ILEH
1260 Air Force Pentagon
Washington DC 20330-1260

SUBJECT: High Unit Cost Notification Requirements and Reprogramming Limits

During the Mar 01 Program Management Review we briefed the application of the "high unit cost" in programming and executing housing improvement projects. Recent requests for reprogramming actions demonstrate the need to provide further clarification and guidance.

Section 2825 of Title 10, United States Code requires congressional notification when the cost of "improvement" will exceed \$50K per unit multiplied by the area cost factor. The term "improvement" **includes major maintenance and repair work to be accomplished concurrently with the improvement project** (project funded with family housing investment funds--typically a MILCON project). For handicap accessible units the limit is \$60K multiplied by the area cost factor. The area cost factor does not apply to overseas projects.

IMPROVEMENT PROJECTS EXCEEDING \$50K. Our "normal" process is to provide the required statutory congressional notification by identifying those improvement projects with unit costs estimated to exceed the \$50K statutory limit in the annual budget submission. That is, the "most expensive unit" cost (the unit or unit type with the greatest cost that exceeds the statutory limit), including contingency and supervision, inspection, and overhead, is identified in block 9 of the DD Form 1391. Since congressional notification was made within the budget submission, the intent of the statute has been met. The statute does not require congressional notification when during project execution units costs are anticipated to exceed the "most expensive unit" cost identified on the DD Form 1391 contained in the approved budget.

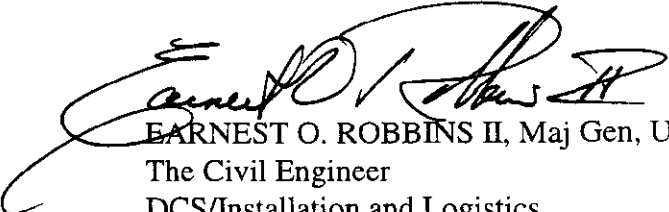
However, Air Force policy is that AF/ILE approval is required to exceed the approved "most expensive unit" cost, and SAF/IEI (formerly SAF/MII) approval is required to exceed the high unit cost by more than 25% during project execution. As with reprogramming actions, request for AF/ILE or SAF/IEI approval to exceed the "most expensive unit" must be signed by the MAJCOM/CE and submitted to HQ USAF/ILEH.

IMPROVEMENT PROJECTS LESS THAN \$50K. The congressional budget submittal only includes DD Forms 1391 for those improvement projects estimated to exceed the statutory improvement cost limit. Therefore, if a DD Form 1391 with a high unit cost is not included, by default the approved unit cost is less than the \$50K statutory limit. If during project execution costs are projected to exceed \$50K then we must accomplish the statutory requirement to notify Congress. A 21-day notification to Congress is required prior to proceeding with executing the improvements. Once congressional notification is complete, AF/ILE approval is

required to exceed the new high unit cost and SAF/IEI approval is required to exceed the new high unit cost by more than 25%.

The above notification requirements provide some degree of flexibility in executing the housing improvement program, however, we should always plan to execute the scope of work for each unit type and the overall number of units programmed for revitalization. Notably compliance with the high unit cost notification requirements do not eliminate the requirement to comply with the reprogramming limits established by US Code Title 10, Section 2853 and appropriation committee report language. These authorities apply to all new/replacement construction projects and to improvement projects over \$2M and limit reprogramming variation to 25% of the programmed amount or \$2M, whichever is less. They also limit scope reductions to 25% of the total scope approved for the project. MAJCOMs must request approval for all cost and scope variations through HQ USAF/ILEH. Note that congressional notification is required to exceed these thresholds.

This is an SAF/GCN, SAF/IEI and AF/ILE coordinated memo. This policy will be included in the next update to AFI 32-6002, *Family Housing Planning, Programming, Design and Construction*. Our POCs are Lt Col Mark Leonard (DSN 664-4252) and Mr. Ted Chao (DSN 664-2230).



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